

DRAFT

Meeting Minutes

December 15, 2006

Senate Room A, General Assembly Building
Richmond, Virginia

Purpose

The Council met on December 15, 2006, in Richmond to discuss The 2006 *Virginia Report* (the Council's annual progress report), a revised summary of next steps for the Council's productivity component and an update on how outcome-related measures are being used to support budget decisions. The agenda and presentations are available in the Documents of Interest section on the Council's website (www.future.virginia.gov).

The Virginia Report (Jane Kusiak, Executive Director)

- The legislation establishing the Council requires an annual report of progress and plans. The 2006 *Virginia Report* is the fourth in the series.
- The 2006 version of the report will be available in mid-January 2007 on the Council's website. The report includes three chapters: an overview and summary, a description of the overall performance leadership model guiding the work of the Council, and a final chapter outlining recent accomplishments and plans for the near future.
- The report details are organized around the three key components of work mandated in the Council's enabling legislation: roadmap development and evaluation (assessing and facilitating progress against long-term objectives), productivity improvement and service performance (strategic planning and performance-based budgeting).
 - Roadmap development and evaluation: This area encompasses the ongoing evaluation of the overall Roadmap for Virginia's Future, setting five- and ten-year goals, development and promotion of the *Virginia Performs* website, enhancing citizen engagement, defining an approach for the Virginia Futures Forum, and research and studies that provide insight into emerging trends and the factors that drive performance outcomes and affect the quality of life in Virginia.
 - Productivity improvement: This area encompasses the development of an overall efficiency & effectiveness – or change management – support system (e.g., training, methodology, incentives), the selection of enterprise and agency-level reengineering initiatives, the implementation of a consistent approach to continuous process improvement, and the evaluation of improvement initiatives. A \$3 million 'productivity investment fund' will be administered by a small team, an enterprise solutions group, to spur innovative collaborations and change projects for productivity improvement in state agencies.

- Service performance: This area encompasses the continued development of the state performance leadership system, continued training and assistance for the strategic planning and budgeting systems, deployment of performance-based budgeting practices, and the development and use agency-level performance data for evaluation and alignment with enterprise priorities.

Productivity Improvement (The Honorable Aneesh Chopra, Secretary of Technology)

- The proposal to create a small enterprise solutions group and a “Productivity Investment Fund” that was presented at the October 30, 2006 Council meeting was refined and an update presented to the Council.
 - A small enterprise solutions group (ESG), comprised of two to three individuals, will be created in early 2007 to surface cost saving projects and to begin to shift the operating culture towards continuous performance improvement. The overall mission is to simplify government and, in particular, to:
 - Foster initiatives to lower government operating costs.
 - Reduce constituent transaction times and improve citizen access to government services.
 - Advance the Governor’s key agency performance objectives.
 - Increase the competency of state leaders to manage both continuous improvement and complicated, multi-year change initiatives.
 - The ESG will be supported by 20 to 50 high-potential agency “Fellows” dedicating 15-20 percent of their time to group initiatives. A board comprised of the Secretary of Technology (Chair), the Secretary of Finance, and the Secretary of Administration will provide oversight for the group and ensure a balanced portfolio (long- and short-term) and that initiatives are aligned with the Governor’s priorities.
 - A Productivity Advisory Council, comprised of volunteer private sector executives, will be created to provide advice and expertise for the overall initiative.
 - A \$3 million Productivity Investment Fund will be created, and a “request for information” will be distributed to agencies seeking to develop high-return efficiency and effectiveness projects. Funds will be distributed to projects meeting stringent risk and return criteria. The ESG will assign teams to support selected projects.
 - A vehicle will be developed to allow agency ‘gainsharing’ on verified savings achieved through re-engineering initiatives.
 - Agency-selected ‘Fellows’ will be identified and training will be provided to enable their participation in improvement projects and to further develop their leadership potential.
 - Longer-range tasks include on disseminating best practices for change management and continuous improvement, developing the appropriate management and change agent skills within the agencies, developing appropriate incentives, measuring progress and ensuring long-term alignment with strategic priorities.

Service Performance (Ric Brown, Director, Department of Planning and Budgeting)

- The Governor directed state agencies to develop a set of key metrics in order to better focus on the most important elements of the agencies' missions. He directed that the two or three measurable objectives per agency:
 - Reflect the primary mission of the agency.
 - Be based on outputs and results rather than process.
 - Be used in a results accountability system with appropriate budget implications.
- The Governor personally reviewed all of the agencies' key outcome metrics. Historical data and future targets are being entered into the Virginia Performs website and should be available to the public in January of 2007.
- The Governor began using the key measures to support decisions related to his 2007 budget amendments.
 - Examples were provided for the Departments of Education, Medical Assistance Services, Environmental Quality, Conservation and Recreation, Aging, Corrections, Motor Vehicles and Accounts. See the presentation at www.future.virginia.gov/reportsdocs.php